Are Either of These 2 Dividend Champions Still Worth Your Money?

Description

Even though these two companies operate in different industries, they have a lot in common. Both struggled mightily during the financial crisis, and continued to face difficulties in the aftermath. More recently, they have rebounded nicely, as have their shares, and despite a higher share price, each of them still has a nice dividend yield.

However, are either of these stocks worthy of a spot in your portfolio? Below we take a look at each.

1. Sun Life

During the crisis, **Sun Life Financial** (TSX: SLF)(NYSE: SLF) was not doing well. The company had previously been aggressively expanding south of the border, and had been offering investment products that exposed the company to too much risk. While Sun Life was able to work itself through that mess, low interest rates continued to be a drag in the years that followed.

More recently, the company has been doing much better, and the shares have recovered as well — in both 2012 and 2013, the shares returned more than 47%.

So are the shares now overpriced? Well, not exactly. They trade at only about 12 times forward earnings, and have a juicy dividend yield of 3.7%. If you're willing to overlook a troubled history, Sun Life's stock may be perfect for a dividend portfolio.

2. Thomson Reuters

Speaking of struggles during the crisis, **Thomson Reuters** (TSX: TRI)(NYSE: TRI) had its fair share of issues, too. The first mistake occurred in 2007, when Thomson and Reuters merged. Then, once the financial crisis ended, the company botched the rollout of its new financial product, Eikon. So not only did Thomson Reuters shoot itself in the foot, it then reloaded before firing away at its other foot.

Like Sun Life, Thomson Reuters seems to have turned the corner. Eikon is a much better product now and is gaining momentum. A long bull market has helped increase demand for the company's products. Finally, management has started to take some significant costs out of the company's operations, something that has been long overdue.

The stock price of Thomson Reuters has reflected the company’s recent success; in 2013, the shares returned an impressive 44%. But once again like Sun Life, Thomson isn’t overly priced, at 16 times forward earnings. As a result, the shares yield a healthy 3.4%.

If you’re looking for a nice dividend, and are willing to ignore some past sins, then either of these stocks would be perfect for your portfolio. Otherwise, you should buy neither.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:TRI (Thomson Reuters)
2. TSX:SLF (Sun Life Financial Inc.)
3. TSX:TRI (Thomson Reuters)

Category

1. Investing

Date
2025/08/24
Date Created
2014/06/25
Author
bensinclair